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Message Text

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71
ACTION ARA-20

INFO OCT-01 ISO-00 SCEM-02 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 INT-08 DODE-00

PM-07 H-03 L-03 NSC-10 PA-03 PRS-01 SS-20 USIA-15

ACDA-19 IO-15 NEA-10 DRC-01 /214 W
---------- 088437
R 121556Z OCT 73
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 1485

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E.O. 11652: N/A
TAGS: ENRG VE
SUBJECT: ROYALTIES ON VENEZUELAN OIL WILL BE INCREASED

1. REFERENCE PRICE ON WHICH VENEZUELAN PETROLEUM ROYALTIES ARE CALCULATED WILL BE INCREASED IN VERY NEAR FUTURE, HYDROCARBONS MINISTRY OFFICIAL (MICHELENA) TOLD PETROLEUM ATTACHE OCTOBER 11. MICHELENA SAID MINISTER PEREZ HAS BEEN UNDER TREMENDOUS PRESSURE FROM CVP (THEY TELEPHONE EVERY DAY) TO TAKE ROYALTY PAYMENTS IN OIL RATHER THAN IN CASH, AND TO ALLOW CVP TO MARKET THE ROYALTY OIL. BASIS FOR CVP REQUEST IS THAT ROYALTY PAYMENTS ARE TOO LOW BECAUSE THEY ARE BASED ON PRICE OF A TEXAS CRUDE WHICH IS WELL BELOW TAX REFERENCE VALUE USED BY VENEZUELA TO CALCULATE INCOME TAXES AND WELL BELOW ACTUAL PRICE AT WHICH VENEZUELAN OIL NOW SOLD.

2. MICHELENA SAYS THAT VENEZUELAN GOVERNMENT, INSTEAD OF TAKING ROYALTY PAYMENT IN KIND, WHICH WOULD CAUSE DISRUPTIONS OF OIL COMPANY SUPPLY CHANNELS, WILL PROCLAIM
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SUBSTANTIAL INCREASE IN PRICE OF OIL ON WHICH ROYALTY

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PAYMENTS BASED. OIL COMPANY REPRESENTATIVES WERE CALLED IN TO DISCUSS THIS MATTER AFTERNOON OCTOBER 11 AND WERE PRESUMABLY ASKED TO ACQUIESE IN CHANGE SINCE ROYALTY FORMULA IS BASED ON AGREEMENTS BETWEEN COMPANIES AND GOVERNMENT.
MCCLINTOCK

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, EXPORT PRICES, ROYALTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 12 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973CARACA08816
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731036/aaaabakm.tel
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Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Page Count: 2
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Previous Handling Restrictions: n/a
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Review Comment: n/a
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Review Event:
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TAGS: ENRG, VE
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